

BARRIERS to APARTMENT CONSTRUCTION

NEW YORK CITY

BARRIERS RANKING¹

50

NEW MF DEMAND²

223k

HIGH RENT BURDEN³

47%

STAR SHARE⁴

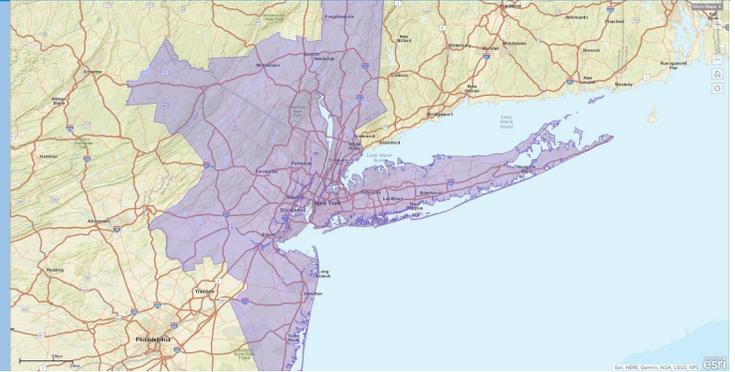
48%

MEDIAN RENTAL HOUSEHOLD INCOME

\$48,300

INCOME REQUIRED FOR AVERAGE RENT⁵

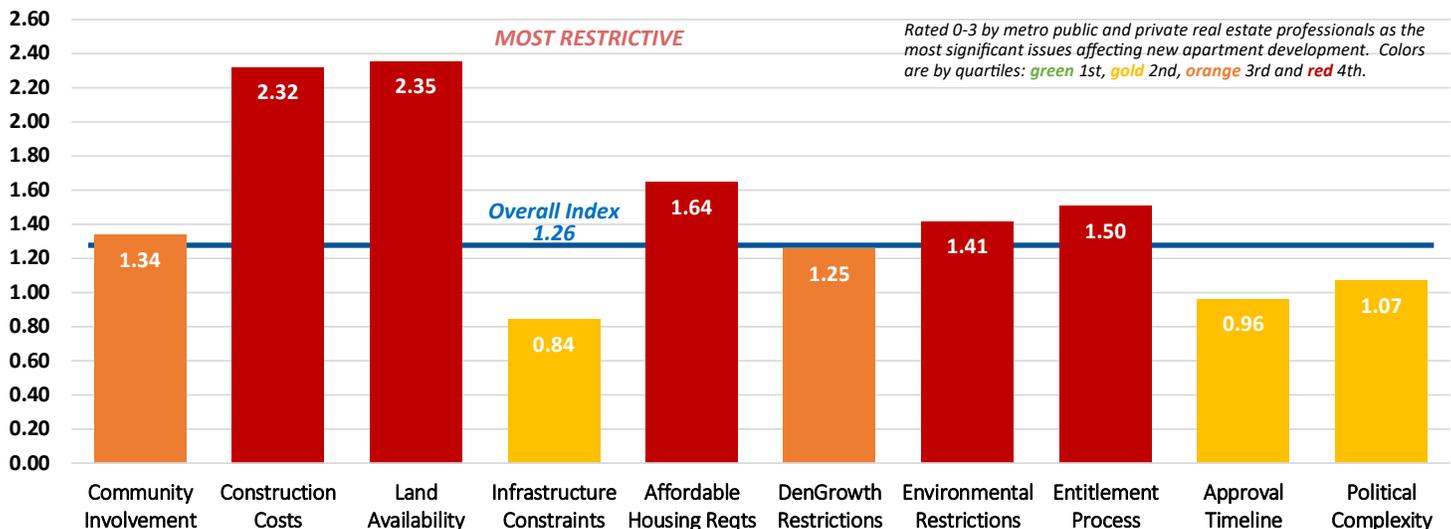
\$102,840



MOST RESTRICTIVE APARTMENT CATEGORIES:  **LAND AVAILABILITY**
 **CONSTRUCTION COSTS**

New York was one of four pilot metro markets explored with an earlier survey and is recast below with updated indexing. New York metro is near the bottom major markets for barriers with a supply index of 1.26 while ranking in the top third of national metro demand. Respondents cited very heavy restrictions on land availability and its feasibility for development as their top barrier, followed by high construction and land costs. Three other subindices of affordable housing, environmental restrictions and entitlement process were scored in the fourth quartile. Other near-index issues were community involvement and density and growth restrictions. Today's median renter income is a significant 53% below the requirement for today's average market rents of \$2,575. Not the greatest share nationally, but 47% of renters are paying over 35% of incomes on these rents. A significant 47% of rental housing stock is seen as more affordable STAR units in existing, typically distressed neighborhoods.

Barriers to Apartment Construction Subindices



BARRIERS INDEX METHODOLOGY:

These NAA HAS Barriers to Apartment Construction indices were created from over 90 apartment development, process and timing questions in ten categories and sourced digitally from real estate professionals in both the public and private realms. An initial overall metro **Barriers to Apartment Construction Index** is also plotted above.

DEFINITIONS and NOTES:

- ¹**BARRIERS RANKING** is the relative ranking among 58 major metro apartment markets based upon the average index of each metro from the least restricted to the most; ranges from 1 (Albuquerque) to 58 (San Jose). Rankings consider expert responses from throughout the extended metro that includes but not isolates the urban core.
- ²**NEW MF DEMAND** is the updated total demand for new multifamily units (in thousands) through 2030 based upon the forecasted total rental housing demand 2017-2030 from the NAA-NMHC demand study by HAS: *U.S. Apartment Demand—A Forward Look (2017)*; ranges from 3,890 (Sioux Falls) to 222,589 (New York).
- ³**HIGH RENT BURDEN** refers to that share of 2017 households spending over 35% of combined household income on rent; major metro ranges from 56% and rents of \$1,370 (Miami) to 38% and rents of \$865 (Sioux Falls) with a major metro average of 43%.
- ⁴**STAR SHARE** is that share of metro rental housing stock with five or more units HAS qualified as **Second-Tier Affordable Rentals* or those non-institutional sites of typically lower unit count, lower quality and greater age, often overlooked as crucial affordable housing already in place. Using CoStar® ratings of 1-5 for sites of five units or more, STAR is the lower ratings of 1-2. This share ranges from 61% (Los Angeles) to 17% (Austin) with a major metro average of 36%.
- ⁵**INCOME REQUIRED FOR AVERAGE RENT** assumes a more conservative 30% of rental household income needed for the average metro contract rent.